

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 926 - HB 1399**

March 25, 2011

**SUMMARY OF BILL:** Replaces personal income with the average of the sum of inflation and population change for each of the prior three fiscal years, as the basis for determining the estimated rate of growth of the state's economy.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- The estimated rate of growth for the state's economy is calculated from the established econometric model at least once a year. Such estimate is considered, in conjunction with other economic forecasts presented to the State Funding Board, for the purpose of deriving consensus state tax revenue estimates.
- The State Funding Board is not limited to consensus revenue estimates reflecting a rate of growth as estimated by the econometric model.
- Changing the variables within the econometric model will not change the process by which consensus state tax revenue estimates are adopted. As a result, the fiscal impact will be not significant.
- Tenn. Code. Ann. § 9-4-5203 requires additional legislation for years in which appropriations are estimated to grow faster than the state's economy as measured by the econometric model.
- According to the Department of Finance and Administration, if the consensus state tax revenue estimates were limited to the rate of growth as determined by the econometric model as proposed, state appropriations would decrease by approximately \$485,000,000 in FY11-12.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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